



FY2020/21 and FY2021/22

Adopted Biennial Capital Improvement Program Budget Budget-in-Brief



**City of
Santa Clara**
The Center of What's Possible

City of Santa Clara Budget-in-Brief

FY 2020/21 and 2020/21 Adopted Biennial Capital Improvement Program Budget



To Our Santa Clara Residents:

I am pleased to present the Adopted Biennial Capital Budget for fiscal years (FY) 2020/21 and FY 2021/22 and the Five-Year Capital Improvement Program as well as amendments to the FY 2020/21 Adopted Operating Budget. This continues the biennial budget process that alternates between an operating and capital budget. This year's budget focuses on our capital infrastructure, supporting the facilities that serve our residents and community.

This budget was developed during a time of unprecedented uncertainty with both a global public health and economic crisis. While the focus of the biennial budget is on capital improvements, there are operating budget adjustments that are necessary to address the projected drop in revenues associated with COVID-19. The global pandemic has suddenly altered the trajectory of the economy and the long-lasting impacts are yet to be fully known, but they have already been significant for residents, businesses and the City. We must continue to plan for these impacts. As an interim approach, the City's Budget Stabilization Reserve was used to address the projected FY 2020/21 shortfall, with high-level budget balancing strategies identified in the budget. An incremental approach to addressing the ongoing budget will be used with initial budget balancing actions to be brought forward to the City Council for consideration in September 2020. Additional actions are also expected to be presented in December 2020 and as part of the FY 2021/22 and FY 2022/23 Biennial Operating Budget.

The Biennial Capital Budget totals \$480 million and the Five-Year CIP totals \$709 million, supporting infrastructure improvements throughout the City. Of this CIP amount, \$500 million (70%) funds capital projects for the City's utilities and there is sufficient funding in the associated utility funds to support these projects. The other projects total \$209 million and fund improvements to the parks, trails, libraries, transportation system, storm system, convention center and other City facilities. While there are major investments in these areas, significant funding gaps remain with unfunded projects identified in this budget totaling approximately \$300 million over the next five years. This funding gap does not fully represent all the unmet/deferred infrastructure needs throughout the City. Beyond the five-year period, the unmet needs total approximately \$1 billion. Long term funding strategies will need to be developed in the future to meet these infrastructure needs and options will be explored with the City Council and community involvement.

The development of the budget is a collaborative effort with all City departments and my office along with the City Council and the public. This continued collaboration will be critical as we face the budget challenges in the upcoming year. Our focus will be on preserving critical services while balancing the budget in a fiscally responsible manner.

A handwritten signature in blue ink, appearing to read 'Deanna J. Santana', is positioned above the printed name.

Deanna J. Santana
City Manager

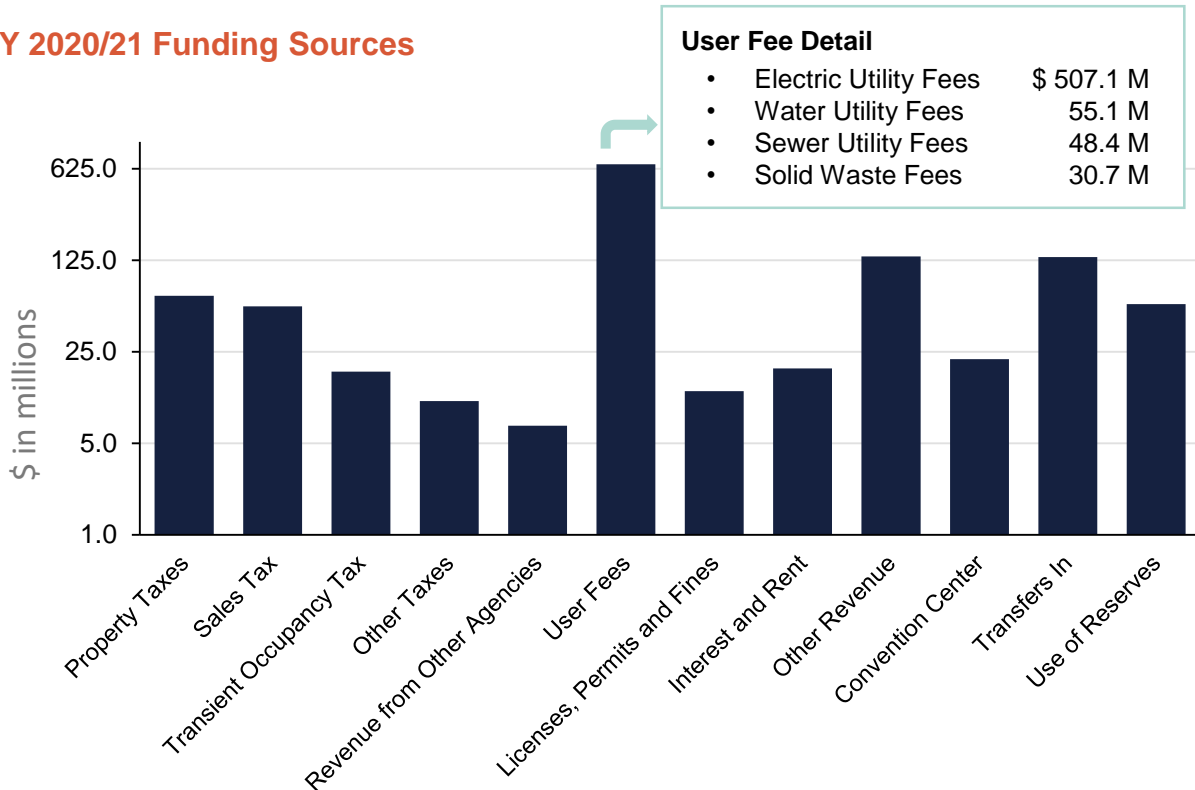


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Where the City Gets Its Money

FY 2020/21 Funding Sources



FY 2020/21 City Expenditure Budget

Fund Type	FY 2020/21 Amended Budget
General Fund	\$ 285,968,205
Special Revenue	22,709,200
Enterprise	693,847,310
Internal Service	37,533,057
Debt/Other	17,263,562
Capital Improvement Program	342,174,078
Less (Contributions, Transfers and Reserves)*	(214,345,858)
Total Adopted Budget	\$ 1,185,149,554

City Council Strategic Pillars

1. Promote and Enhance Economic, Housing and Transportation Development
2. Deliver and Enhance High Quality Efficient Services and Infrastructure
3. Enhance Community Sports, Recreational and Arts Assets
4. Enhance Community Engagement and Transparency
5. Ensure Compliance with Measure J and Manage Levi's Stadium
6. Manage Strategically our Workforce Capacity and Resources
7. Promote Sustainability and Environmental Protection

*Excludes contributions, reserves, and transfers to avoid double counting.



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Five-Year Capital Improvement Program Budget by Theme

Theme	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	Five-Year CIP Total	% of CIP
Administrative Facilities	\$7,557,348	\$335,000	\$0	\$0	\$0	\$ 7,892,348	1.1%
Community Facilities	1,498,616	0	0	0	0	1,498,616	0.2%
Convention Center	8,296,707	0	0	0	0	8,296,707	1.2%
Electric Utility	157,579,973	59,163,653	30,472,677	23,867,992	20,008,323	291,092,618	41.0%
Other Community Projects	5,776,399	5,512,432	6,524,042	6,888,429	7,088,538	31,789,840	4.5%
Parks and Trails	18,990,718	11,914,248	3,185,700	230,000	4,740,000	39,060,666	5.5%
Sewer Utility	64,168,620	34,002,842	39,499,789	11,973,417	21,653,014	171,297,682	24.1%
Solid Waste	1,032,000	623,700	654,885	687,629	722,011	3,720,225	0.5%
Storm Drain	11,211,898	339,000	0	300,000	0	11,850,898	1.7%
Technology and Equipment	8,624,799	1,464,310	1,122,536	1,109,374	1,109,374	13,430,393	1.9%
Transportation	47,777,000	17,650,313	11,351,721	11,092,867	11,102,242	98,974,143	14.0%
Water & Recycled Water Utilities	9,660,000	6,335,000	6,410,000	4,007,875	4,010,154	30,423,029	4.3%
Five-Year CIP Total	\$342,174,078	\$137,340,498	\$99,221,350	\$60,157,583	\$70,433,656	\$709,327,165	100.0%

Capital Projects Highlights

Administrative Facilities

Stationary Standby Generators – This project will replace standby generators throughout the City.

Community Facilities

Electronic Access for Meeting Rooms – This project will allow residents remote access to park buildings addressing the demands for program, meeting and event space.

Bowers Roof Replacement – This project replaces the Bowers Park building roof.

Convention Center

The Convention Center's CIP is managed by Spectra and is comprised of projects focused on the maintenance, repair, renovation or replacement of existing systems and infrastructure, such as HVAC, façade and aesthetic improvements, and technological advancements.





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Capital Projects Highlights

Electric Utility

Electric Vehicle (EV) Charging – SVP's EV Charging infrastructure will support the City's conversion to clean energy and prepare for future installations in accordance with California standards. This project will replace seven existing EV chargers at one location and install up to 300 new EV charging stations throughout the City over the next five years.

Substations – The CIP includes funding to construct the Esperanza to serve the Related Santa Clara project, to construct the Laurelwood Substation to serve a new data center, to rebuild the Homestead Substation, and to rebuild the Serra Substation.



Parks and Trails

Park Playground Rehabilitation – Seven playgrounds are scheduled to be rehabilitated, including the Magical Bridge All Inclusive playground at Central Park and the neighborhood playgrounds at Maywood, Montague, Westwood Oaks, Warburton, Rotary, and Earl Carmichael parks.

Reed and Grant Sports Park – This facility is scheduled to be completed once the COVID-19 shelter-in-place order is lifted.

Saratoga Creek Trail – This project will construct a pedestrian and bicycle trail between Homeridge Park, Bill Wilson, Jr. Park, and Central Park.

Other Community Projects

Downtown Master Plan/Downtown Master Plan Implementation – One project provides funding for master plan development and another project provides funding for the Franklin and Washington Street right-of-way easement acquisition necessary as part of the future development of Downtown.

Sewer Utility

San José-Santa Clara Regional Wastewater Facility (RWF) – This project funds the City's share of the capital improvements at the (RWF). The City owns the RWF jointly with the City of San José.

Solid Waste

Sanitary Landfill Development – Post Closure – This project provides for required monthly monitoring, data collection, reporting, and landfill gas flare source testing.

Storm Drain

Laurelwood Pump Station Rehabilitation – This project includes a major rehabilitation of the pump station's mechanical, electrical, plumbing, and structural system.

Storm Drain Slide Gate Rehabilitation – This project funds the replacement and installation of ten slide gates that are used to control storm water coming into the storm drain pump and lift stations.





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Capital Projects Highlights



Technology and Equipment

Protective Equipment Replacement – This project provides funding for the replacement of personal protective equipment and clothing for firefighters.

Permit Information System – This project provides funding for the development permit tracking system to automate permitting and workflow.

Transportation

Annual Street Maintenance and Rehabilitation Program – This ongoing allocation funds the maintenance and repair of City streets.

Pedestrian and Bicycle Enhancement Facilities – This project serves as the local funding match to obtain grants for priority bicycle and pedestrian projects.

Public Right-of-Way Improvements (Settlement Agreement) – This project removes barriers to accessibility under the Americans with Disabilities Act (ADA).

Uncontrolled Crosswalks Improvements – This project provides funding for the study, prioritization, and improvement of some of the approximately 200 uncontrolled crosswalks in Santa Clara.

Water and Recycled Water Utilities

Distribution System Replacement/Restoration - This project funds the construction, replacement, rehabilitation or relocation of City water mains, backflow preventers, hydrants, and meters.

Recycled Water System Mains and Services – This project funds the installation, upgrade, or extension of recycled water mains for incoming developments as financially and practically feasible.



Unfunded Capital Projects

Unfunded Projects by Theme	Five-Year CIP Total
Administrative Facilities	\$57.4 M
Community Facilities	\$20.6 M
Convention Center	\$11.9 M
Parks and Trails	\$104.5 M
Storm Drain	\$23.8 M
Technology and Equipment	\$5.2 M
Transportation	\$76.0 M
Total	\$299.4 M

The funding available to support capital projects is not sufficient to meet the infrastructure needs in many areas. The budget identifies unfunded projects of approximately \$300 million. This represents only a portion of the unmet/deferred infrastructure needs in the City. There is close to \$1.0 billion of identified capital needs. Some of the unfunded or underfunded projects in this budget include:

- Fire Station Renovations and Fire Station 5 Replacement
- Central Park Aquatics Center, Community Recreation Center, and Gymnasium
- Annual Street Maintenance and Rehabilitation
- Uncontrolled Crosswalks Improvements
- Stationary Standby Generators
- Library Expansion
- Storm Drain Improvements

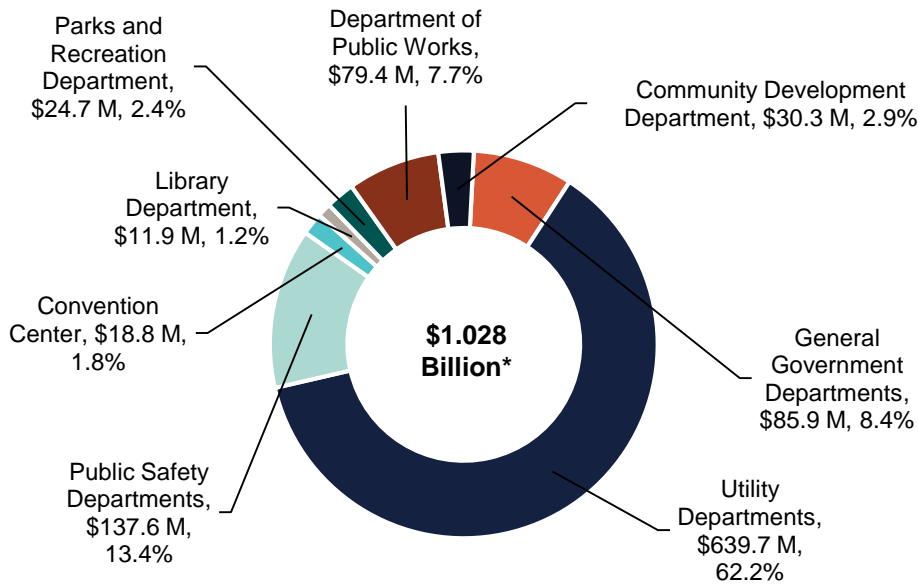
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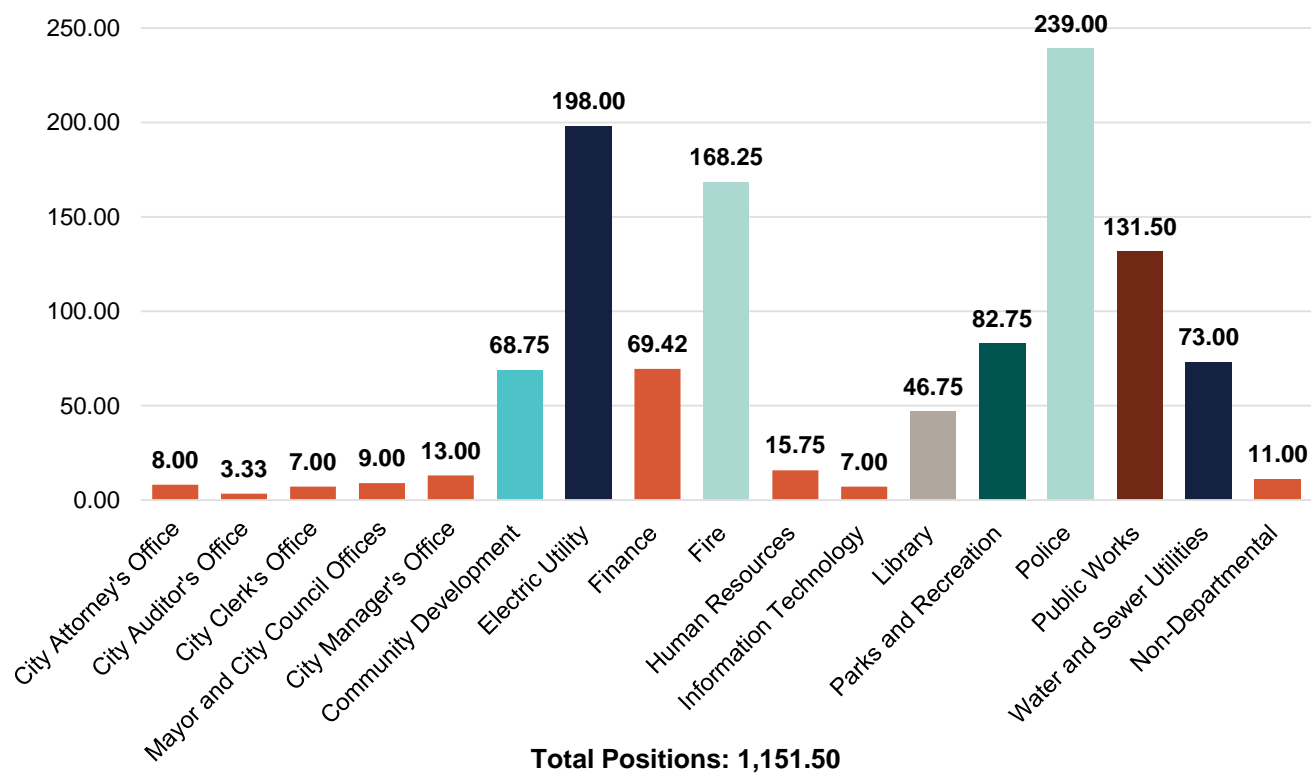
Operating Budget Expenditures by Department

2020/21 Amended Budget



*Excludes internal service funds not tied to a particular department and debt service

FY 2020/21 Positions by Department





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Impacts of COVID-19

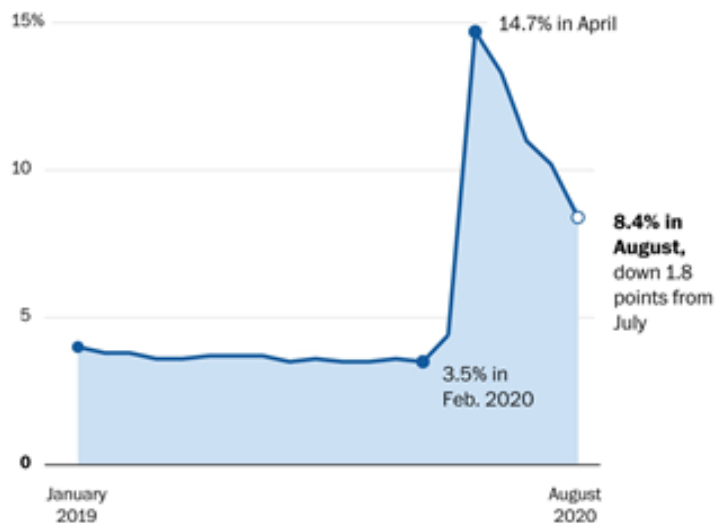
Economic Outlook

The COVID-19 global pandemic has led to the most dramatic drop in economic performance in recent history, significantly impacting individuals, businesses, and all levels of government.

Unemployment rates have reached levels not seen since the Great Depression, with record numbers of unemployment claims filed. Consumer spending has declined across the country, with large declines in California and Santa Clara County.

Economic recovery is expected to take time. According to the June 2020 UCLA Anderson Forecast, employment is not expected to recover until well past 2022.

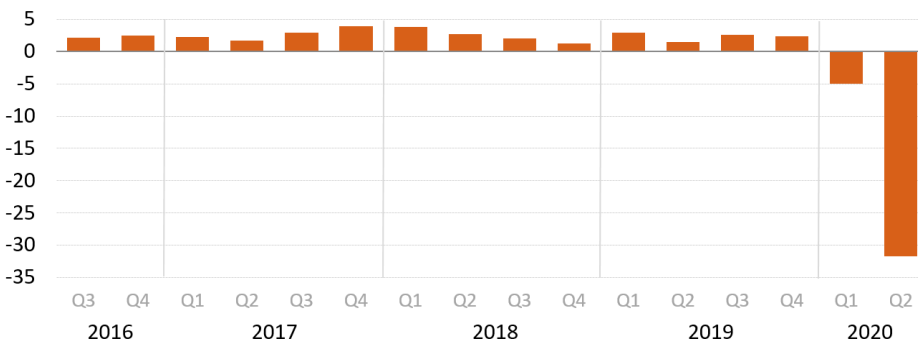
U.S. unemployment rate



Note: Seasonally adjusted
Source: Labor Department

THE WASHINGTON POST

Real GDP: Percent change from preceding quarter



U.S. Bureau of Economic Analysis

Seasonally adjusted at annual rates

GDP dropped by almost 32% in the second quarter 2020, the largest contraction ever experienced

General Fund Budget Balancing Strategy

COVID-19 has significantly impacted several of the City's General Fund revenue sources, most notably Transient Occupancy Tax and Sales Tax, resulting in a General Fund shortfall of \$22.7 million in FY 2020/21. As an interim strategy, the Budget Stabilization Reserve was used to balance the FY 2020/21 budget starting July 1st. However, budget balancing actions will be brought forward to the City Council for consideration in September 2020 with a subsequent check-in in December 2020. The plan is to address the shortfall with a combination of the following:

- One-time savings from cost control measures
- Potential ballot measures and other revenue generating actions
- Potential labor negotiations (subject to meet and confer)
- Ongoing expenditure reductions



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Roster of City Council and Commission Members

City Council

Mayor	Lisa M. Gillmor
Councilmember District 1	Kathy Watanabe
Councilmember District 2	Raj Chahal
Councilmember District 3	Karen Hardy
Councilmember District 4	Teresa O'Neill
Councilmember District 5	Vacant
Councilmember District 6	Debi Davis

Board of Library Trustees

Leonne Broughman, Jan Hintermeister, Joshua Briefman, Stephen Ricossa, Debbie Tryforos

Civil Service Commission

Mario Bouza, Willie D. Brown Jr., John Casey, Franklin J. Felizardo, Carolyn McAllister

Cultural Commission

Harbir K. Bhatia, Candida Diaz, Debra von Huene, Jonathan Marinaro, Niha Mathur, Louis Samara, Teresa Sulcer

Historical and Landmarks Commission

Kathleen Romano, Michael Celso, Megan Swartzwelder, Stephen Estes, Patricia Leung, J.L. Standifer, Ana Vargas-Smith

Housing Rehabilitation Loan

Committee

Darius Brown, Carmen Pascual, Tahir Naim

Parks and Recreation Commission

Burt Field, George Guerra, Andrew Knaack, Roseann Alderete LaCoursiere, Joe Martinez, Kevan Michael Walke, Eversley Forte

Planning Commission

Anthony Becker, Nancy A. Biagini, Yuki Ikezi, Sudhanshu Jain, Steve Kelly, Lance Saleme, Priya Cherukuru

Salary Setting Commission

Pilar Arquero, Marjorie Banko, MV Kumar, John Sontag, David B. Stealey

Senior Advisory Commission

Wanda Buck, Grant L. McCauley, Carolyn Seeger, Nancy Toledo, Helen E. Narciso, Judy Hubbard, Ana Segovia

Youth Commission

Aarav Gupta, Ahmad Ismail, Jasmine Kelly-Tanti, Vincent Kloes, Adrienne Krivokapic-Zhou, Colin Lim, Kayla Phan, Raksha Sen, Siya Sharma, Kavya Sriram, Meera Suresh, Smrithi Suresh, Natasha Yen, Sanjana Yerramaneni, Amy Zuo



The Budget-in-Brief is intended to provide an overview of the City of Santa Clara's FY 2020/21 and 2021/22 Adopted Biennial Capital Improvement Program Budget. The complete budget document can be accessed on the Finance Department's website at: <https://www.santaclaraca.gov/our-city/departments-a-f/finance>

Questions about this report should be directed to:

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